

# Entrepreneurship Fundamentals

with Whitney Johnson

The following checklists are supplements to the *Entrepreneurship Fundamentals* courses and are designed to help you think and act like a successful entrepreneur.

### **Checklists Included**

Business Model Checklist

Gear Up Operationally Checklist

Refining Idea Checklist

Put Failure In Its Place Checklist

Documenting Process Checklist

How to Value Your Company Checklist

Negotiate Good Deal Checklist

## **Business Model** Checklist

What will you sell?

What problem will you solve?

What will you charge?

Who will buy your product?

How will people find out about you?

How will you make the product/provide the service?

What will it cost?

Do you have competitors?

Why will customers prefer you?

Are you disrupting another company?

Does this business play to your strengths?

By when will you start?

What are some obstacles or challenges you are going to face?

## **Gear Up Operationally Checklist**

What are the processes and procedures you will use to produce your product or provide your service?

- What inputs do you need?

- How will you source those materials?

- Who are your suppliers or vendors?

- How will you choose them?

How will you manage your inventory?

- Where will you store physical goods?

- Will you build to order or build to stock?

What are the logistics involved to get the product or service to the customer?

- What are your delivery channels?

- Who will deliver the product?

- What is your target delivery time?

How will you operate customer service?

- How do you need to operate your business so customers prefer you to competitors?

- What are your expectations around service?

- How will you monitor your customer service?

## Refining Idea Checklist

### Review Sales

- Where are your customers coming from?
- Are you solving the problem you thought you would solve?
- Are you selling more or less than you expected?
- What about price point?

### Review Business Growth

- What percentage of visitors on your website are returning visitors?
- What percentage of visitors are converting into leads?

### Examine Costs

- Are your costs higher or lower than expected?
- Are your customer acquisition costs higher or lower than expected?
- Which source of customers is most cost-effective?
- Which source of customers is easiest to scale?
- Is the cost of customer acquisition increasing or decreasing?

### Check in with your Co-founder

- How are you working together?
- Are your roles and responsibilities stable or are they shifting?
- Is there a need for equity split adjustments?

### Employees

- Are you in compliance with labor laws?
- Are your employees happy?
- Is your employees' ability to serve the customer improving?
- Are your employees improving the bottom line?
- If an employee isn't meeting expectations, are you dismissing the employee quickly and appropriately?

### Evaluate Cash Management

- Is your burn rate, the amount of cash you are losing monthly, changing?
- What adjustments need to be made considering your burn rate?

### Self-reflection

- Are you playing your strengths?
- Do you still enjoy being an entrepreneur?

## **Put Failure in Its Place** Checklist

Recognize building a business is a process

Acknowledge the emotional effect failure has on you

Ditch the shame

Don't let shame and sublimating grief steal your entrepreneurial spirit

## Documenting Process Checklist

Pick one process in your business to start documenting (ex: accounting, team communication, product manufacturing)

Interview individuals involved and ask them to show and tell how they complete their tasks

Observe employees working

Develop step-by-step instructions or checklists documenting how they accomplish the process

Create a one-page visual representation of the process (such as a flow chart)

Engage in an "if-then" exercise with one-page flow chart

Create a document that utilizes text and your diagram to show and explain the process from beginning to end

Review document with impacted parties

## How to Value Your Company Checklist

*Valuing your company using Harvard Business School Professor Bill Payne's "Venture Capital method"*

*Return on Investment (ROI) = Terminal (or Harvest) Value ÷ Post-money Valuation*

*Post-money Valuation = Terminal Value ÷ Anticipated RO*

Calculate the terminal value of your company

Divide the terminal value by the return an investor will require (early stage investor will expect at least a 20x return)

Calculate your post-money valuation by dividing the terminal value by anticipated returns

Calculate your pre-money valuation (based on how much cash you need to get to your next major milestone)